Lessons from the U.S. Experience with Charter Schools

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Public charter schools offer today’s most dramatic example of mobilizing the private sector on behalf of public education in the United States. The charter movement is a dynamic example of how an essential government function that has been recycled with few fundamental changes for well over a century can be reconceived to accommodate entrepreneurial initiative, private-sector investment, competitive forces, the profit motive, performance contracting, franchising, and more—all within the context of public funding, standards, and oversight. More than that, the practice of “chartering schools” provides a compelling example of how the entire U.S. education enterprise can be redesigned. In this essay, we review the background of charter schooling, examine how charter schools are doing in 2005, and draw a series of lessons about the nexus of public and private forces in chartering.

I. Background

Charter schools are independent public schools of choice, freed from many regulations yet accountable for their results. A group of parents, educators, or entrepreneurs (or combinations thereof) can develop the vision for a school (wholly new or the conversion of an existing school) and apply (through a formal, prescribed process) to a charter authorizer (a gatekeeper or licensing body) to run a school that will be open to all children in a defined area (sometimes a school district, sometimes an entire state). If awarded a charter—a performance contract authorizing the school to operate for a set period of time (usually five years)—this founding coalition forms a board of trustees that then hires staff to launch and operate the school. Every such school must follow the requirements of its state’s charter law, including compliance with nondiscrimination norms, mandatory testing, pupil attendance, and the like.
After the initial charter term is up, the school must return to its authorizer and seek renewal of its charter based on its demonstrated performance—or face sanctions or even closure.

At the heart of the charter model is a bargain: eased restrictions meant to free educators from red tape and inefficiencies in exchange for tightened accountability for academic performance at the school level. This “tight-loose” framework entails a drastic shift, even a reversal, in American educational governance, which has long concerned itself with the micro-regulation of school inputs and processes while neglecting results. And this new framework has special salience at a time when the United States is seeking to “leave no child behind” and when the most important thing to know about a school is what results it is producing.

Where did the charter idea come from? In 1988, after visiting a school in Cologne, Germany, American Federation of Teachers President Albert Shanker urged that the U.S. enable “any school or any group of teachers … to develop a proposal for how they could better educate youngsters and then give them a ‘charter’ to implement that proposal” for a period of five to ten years, after which “the school could be evaluated to see the extent to which it met its goals, and the charter could be extended or revoked.”¹ That concept was picked up by Ray Budde in a 1989 article called “Education by Charter,” by a citizens group in Minnesota, and by Ember Reichgott Junge and Ken Nelson, who persuaded their colleagues in the Minnesota legislature to enact the nation’s first charter law in 1991. California followed suit the next year and so, in time, did 40 states.

Charter schooling can be seen as a form of “reinventing government,” a popular concept in the U.S. in the 1990s whereby government entities embraced private-sector dynamics to improve their efficiency and performance. Essentially, public agencies were
being asked to “steer, not row”—that is, to set policy goals and frameworks but rely on other organizations, often specialized private or nonprofit groups, to run programs and deliver services. The idea was that competitive outsourcing would drive efficiencies and give customers (in this case, families) what they seek.

Chartering has other intellectual debts to pay, some decades old, including economist Milton Friedman’s market-based schooling ideas in the 1950s (though he later came to term charter schools a “halfway solution” en route to the vouchers that he favors); the groundbreaking work of psychologist Kenneth B. Clark on behalf of academic standards and minority youth in the 1960s; the educational “excellence movement” of the 1980s (marked by the famed 1983 commission report, *A Nation at Risk*); a landmark 1990 study by John Chubb and Terry Moe titled *Politics, Markets, and America’s Schools*; and ideas swirling in the 1990s about employee empowerment, corporate restructuring, the rekindling of civil society, and innovative school designs. Chartering also resembles practices long familiar in other government domains, including licensing (e.g., driver’s, liquor, and elevator licenses), contracting (e.g., the Air Force engaging Boeing to build fighter planes), and outsourcing (e.g., via RFPs, competitive bids, etc.).

Chartering incorporates a theory of organizational change in public education, too: that creating sound school choices will improve educational quality in two ways: 1) by supplying immediate alternatives to students who are not thriving in their present schools, and 2) by exerting competitive pressure on the system to improve while providing it with innovative examples of schools that work.

Twenty years ago, the United States lacked imagination about public schools. They were assumed to be near-permanent institutions of brick and mortar. Like libraries, parks, or
churches, they were expected to last practically forever, and it was not uncommon for children to attend their parents’ school. Regrettably, many of those immortal institutions were not getting the job done and failing to keep pace with technological innovations, organizational breakthroughs, and fast-changing delivery systems. Yet for a host of reasons it was extremely difficult to change them—and then only on the margin. Perhaps creating new ones was a more promising approach.

Chartering went beyond this “new school strategy” by introducing the important innovation of the “authorizer” in lieu of the “central office”—that is, entities are empowered to “sponsor” charter schools and hold them to account under terms of their charters, which are essentially performance contracts. In time, many such entities came to fill this authorizing role, including not only local school districts but also colleges and universities, state agencies, a mayor’s office, and specialized nonprofit organizations (all depending on the state charter law).

At the micro level, charter schools can be thought of as a “license to dream” for educators and entrepreneurs seeking to improve on the current state of the art—and an outlet for struggling schoolchildren stuck in stultifying neighborhood schools. At the macro level, charter schools are transforming our definition of “public” schools by demonstrating that they need not be administered in top-down fashion by bureaucratic bodies. Rather, a school is public so long as it is open to all members of the public in nondiscriminatory fashion, paid for by the public via tax dollars, and accountable to public agencies for its academic performance and stewardship of funds. Yet this concept is so new that most charter school debates are still framed erroneously as a struggle between “charter” and “public” schools, even though charter schools are, by definition, public schools.
The Components of Chartering

Charter schools, then, have importance not only for particular communities and families but also for the evolution of public education itself, whose DNA is gradually being altered by the ten essential components of the charter model:

1. **Site-based governance**: Chartering begins with community-based, “locus-of-control” governance of public schools, with charter school boards independent of existing bureaucracies but still accountable to government officials and the electorate.

2. **Deregulation**: Charter schools are offered freedom from red tape that ensnars traditional public schooling, allowing their leaders and teachers to shift their focus from compliance to learning.

3. **Entrepreneurial talent**: The chartering opportunity attracts talent from beyond the traditional education sector (and unearths it from within), infusing fresh thinking about how to design, operate, and sustain high-performing schools.

4. **Experimentation**: As they offer alternatives, charters try new approaches to schooling—from curriculum and instruction to culture, leadership, governance, technology, parental involvement, contracting, partnerships, and structure, as well as the length and flow of the school day and year. Charters have agility and originality that district-run schools, at least in a particular locale, often lack. In the charter world, for example, we are far more apt to find teacher-run schools, employer-run schools, and cyber schools.

5. **Choice**: The presence of charter schools in a community allows parents to select schools that meet their children’s needs as well as their own priorities—and allows
educators to opt for new arrangements that suit them, too. Chartering implicitly rejects the “comprehensive school” model in which every school purports to be all things for all kids—inviting specialization within schools and diversity across schools.

6. *Competition:* When different school models are offered, each school must react to what other schools are doing, pay attention to what parents seek, and meet the academic and operating standards of the community. Otherwise, it faces obsolescence or marketplace extinction.

7. *Evaluation:* An essential component of chartering is assessing what works (and does not work) in education, so that educators, authorizers, and policymakers can make informed decisions. This requires regular assessments, transparent information, and agreed-upon performance norms.

8. *Accountability:* Holding schools to account for their academic results—as well as their legal compliance, operating efficiency, and financial viability—helps to ensure that failing schools are restructured or closed (the equivalent of filing for educational bankruptcy).

9. *Deployment:* As chartering yields successful models, these can be replicated so that excellence pervades the system while mediocrity is squeezed out. This dynamic restructuring process is imbued in the DNA of chartering—the prospect of educational excellence going viral.

10. *Renewal:* Through the deployment process, contingent upon successful execution of the prior components of chartering, we can expect a renewed system of schools that self-corrects over time, “learning” how to get better.
It must be observed, however, that while these ten steps describe a comprehensive theory of chartering, in fact the United States has 40 different charter-school systems (corresponding to the states that have passed charter laws), none of them perfect and some gravely weakened, even fatally flawed, by political compromise. That messy reality arises from American federalism, which remains especially vigorous in primary-secondary education.

**By the Numbers**

Charter schools have grown rapidly since the first one opened its doors in 1992. By 2004, about 3,400 charter schools were operating nationwide. Their enrollment has also risen dramatically: from about 300,000 in 1998 to nearly a million pupils today—larger than the
entire public school systems of 36 states. Currently, about 2 percent of American students attend public charter schools.

Exhibit 1. Number of Charter Schools Opening per Year, 1993-94 to 2004-05

While charter schools have spread rapidly, they are by no means evenly distributed across the country. Today, 42 percent of U.S. charters can be found in Arizona, California, and Florida. Over half (54 percent) of the charter growth of the past five years has occurred in those three states plus Michigan and Texas.

The typical charter school is much smaller (250 students) than the average district school (475); more than half enroll fewer than 200 students. A heavy proportion of charter students are minority, low-income, and/or “at risk.” According to the U.S. Department of Education, charter schools enroll proportionately more African American students, low-income youngsters, and low-performing pupils than do district-operated public schools.4

Charter schooling is not uniquely an American phenomenon. Similar education strategies can be observed in Australia, Canada, New Zealand, Qatar, and the United Kingdom, while schools with charter-like characteristics have also been tried in recent years in China, El Salvador, Guatemala, the Netherlands, and Sweden.5
II. How Are Charters Doing?

Academic Performance

The most complete and recent picture is presented in a meta-analysis of 44 major studies, released in July 2005 by Dr. Bryan Hassel and the National Alliance for Public Charter Schools, which draws conclusions in three areas.

First, diversity of outcomes. Results vary widely from one school to another, with some charters at the top in their communities, others at the bottom, and many in the middle. This range complicates all discussions of charter schools’ performance. Some of America’s highest-performing schools are charters, with examples visible in such places as Boston, San Diego, Chicago, New York City, and Washington, D.C. At the same time, plenty of charter schools reveal dismal academic results.

Second, evidence of “added value.” Of the 26 studies that sought to appraise change in student performance over time, Hassel reports, 12 found charters with larger overall gains than district schools, four found larger gains in certain categories, and six found comparable gains. (Four other studies found lesser gains in charters.)

Third, most studies indicate that charter schools’ performance improves over time. Five of seven studies find that more mature schools do better. Hassel’s conclusion: “Chartering holds promise as an approach to getting better schools. What we have is an experiment worth continuing—and refining.”

Other Accomplishments

Beyond academic performance, we can point to seven significant accomplishments of the U.S. charter venture so far.
1. *Providing new opportunities for struggling students.* Charter schools enroll a large proportion of underserved students, especially poor and minority youngsters for whom there exists a stubborn achievement gap. At a time when the U.S. is striving to “leave no child behind” and when that goal includes creating alternatives for children trapped in failing schools, chartering is an especially good way to supply new options, especially in urban areas.

2. *Creating high levels of parent involvement and community support.* Many charter schools make extensive use of parent volunteers, with parents serving on school governing boards and with some schools asking parents to sign contracts affirming their commitment to their children’s academic success. Reports the U.S. Department of Education, “Charter schools are more likely than traditional public schools to have high levels of parental involvement in the areas of budget decisions, governance, instructional issues, parent education workshops, and volunteering.”

3. *Fostering educational innovation.* Besides a new governance model, many charter schools bring curricular diversification to their communities; some experiment with organizational structure (e.g., school or class size, “schools within schools,” residential campuses for troubled children); and some charter schools are celebrated for their demanding but supportive school culture (e.g., the acclaimed Knowledge Is Power Program, or KIPP). The charter sector also seems to be an “early adopter” of new technologies and instructional delivery methods such as “virtual” schools that operate primarily in cyberspace.

4. *Encouraging entrepreneurialism.* Chartering attracts entrepreneurs and committed reformers who wouldn't otherwise be in public education. New York City school
chancellor Joel Klein likes charter schools because they “bring in new blood. These are leaders and entrepreneurs who are not otherwise part of the system. They are people with ideas, with creativity, and who are willing to give their all for their students.”

A new “charter industry” is beginning to emerge, bustling with activity among for-profit and non-profit service providers, networks, contractors, and more.

5. **Leveraging private capital.** Both through private investment and philanthropy, chartering attracts many millions of dollars to augment government funds—from for-profit and non-profit management organizations to associations, resource centers, charitable foundations, donors, venture funds, lenders, and more.

6. **Boosting efficiency.** Charters receive far fewer dollars than district-operated public schools. According to an August 2005 study, “On average,…charter funding fell short of district funding by $1,801 per pupil, or 21.7 percent” in the 17 states studied, with funding disparities ranging from 39.5 percent (South Carolina) to 4.8 percent (New Mexico). Having to make bricks with less straw is onerous and sometimes counter-productive, but it can also yield cost savings, and productivity gains—especially where charter school performance rivals or surpasses district schools, essentially offering “more bang for the buck.”

7. **Deploying market forces.** Chartering avails itself of competitive pressure to shape and drive the education enterprise, ration resources, and instill accountability for performance. To remain viable, a charter school must attract and retain families. Parents can “vote with their feet” by shunning or exiting their local charter school. The robust deployment of market forces is significant in a sector where almost nothing operates at scale, incentives for compliance trump those for performance,
organizations are politicized instead of optimized, and R&D is not even a line item in the typical district budget.

Challenges

While their accomplishments to date are substantial and mostly encouraging, charter schools also face plenty of challenges. Here we list six:

1. **Facilities.** In most states, charters are responsible for finding and financing their own school buildings out of their operating budgets, while district schools have access to special capital funds. This turns out to be an enormous barrier for would-be charter operators across the country.\(^\text{11}\)

2. **Funding.** Given the wide discrepancy between district and charter school funding in most states, charters often struggle to attract adequate resources to operate quality programs and support their growth. Many state funding schemes also employ a “prior-year count” system, funding schools according to their previous year’s enrollment—a huge penalty for entrepreneurial charter schools that often start small and add grades and pupils as they mature.\(^\text{12}\)

3. **Political opposition.** The charter movement faces well-funded and dogged opposition, often led by teacher unions. Their strategies include lobbying against charter legislation, weakening the laws or re-regulating the schools, placing caps on the number of charter schools allowed, litigating the constitutionality of chartering, feeding misleading information to journalists, publishing studies purporting to show that charters are failing, supporting anti-charter political candidates, wooing charter teachers into unions, and ensuring that charter funding remains low—in other words, death by a thousand cuts.\(^\text{13}\)
4. **Quality control.** The quality of charter schools is notably uneven. Chartering has suffered from poor authorizing on the front end—often relying on local school boards that are reluctant to do this at all, much less do it well, because they are in effect licensing their own competition. And many authorizers lack the political will to close poorly performing charter schools, or the expertise to manage the attendant logistics.\(^{14}\)

5. **Supply shortfalls.** The charter-school supply does not match the demand—and under current restrictions it cannot. In 2002-03, 39 percent of charter schools reported waiting lists, averaging 135 students.\(^{15}\) If the charter movement could accommodate all those students today, its enrollment would be about 20 percent larger. The supply shortage arises from two sources: First, barriers to entry. With each new school effectively a mid-sized start-up organization, chartering is a tough business that requires long hours, access to capital, and an iron constitution—all within the context of political machinations, onerous regulations, and vexing financial gaps and facilities hassles. It’s not for the faint of heart. Second, many of the people who might be best suited to develop and lead charter schools—for example, ambitious and socially conscious MBA students—do not have education leadership jobs on their radar due to entry barriers, licensing requirements, and their own aversion to bureaucracy.

6. **Public understanding.** Despite 15 years of chartering, 3,400 such schools nationwide, and a million children enrolled in them, most Americans don’t know what a charter school is—or recognize that it’s a *public* school.\(^{16}\) Hence debates over chartering are waged primarily in editorial board rooms and legislative corridors, not in living rooms and civic organizations. According to a 2005 survey, only 12% of registered voters
know much about charter schools, versus 65% who say they know little or nothing. Among those who report knowing something about charter schools, 45% think (correctly) that they are public schools, 30% think (incorrectly) that they are private schools, and 7% think (also incorrectly) that they are religious schools. (18% hazarded no response.)

Surprises and Uncertainties

Few observers predicted that there would be such heavy concentration of charter schools in a few states and cities, including their stunning market share in some places such as Arizona (8%), Washington, D.C. (25%), and Dayton, Ohio (30%). And while it’s no surprise that urban families are the keenest clients for charter schools, their suburban counterparts often lack the option: in a number of states, legislative and political obstacles mean that chartering hasn’t even been tried in the suburbs.

More surprising: charter schools in many jurisdictions are not nearly as deregulated as is commonly assumed—and as may be necessary for chartering to work properly. This is due to political opponents who demand a “level playing field,” to isolated mishaps leading to widespread re-regulation, and to failures of imagination among policymakers about how charter schools might operate differently.

Another unwelcome surprise: how few schools are closed for academic reasons. This means the primary charter-accountability mechanism is not yet functioning as intended, whether due to incompetent (and sometimes reluctant) authorizers or interest-group politics. (It’s never easy to shut a school in the face of student and parent protests. Government, in general, adds better than it subtracts.)

Chartering also faces important unknowns:
Market share. Will growth rates plateau, leaving chartering as a peripheral phenomenon with single-digit market share in most communities? Are the greatest barriers to growth inherent limits on supply and demand or external constraints?

Tipping point. Is there a “tipping point” in terms of the market share of students attending charter schools that will cause districts to change their practices in significant and constructive ways?

Impact. Can charter schools affect critical district instructional practices and school offerings? Many school systems have reacted politically to charters but we don’t have a clear picture of other competition-induced changes that may be occurring within them.

Academic achievement. Given time, will charters outperform their traditional public school counterparts? Will authorizers and policymakers step up to the plate on accountability, invoking interventions, sanctions, and closures to transform or weed out low performers?

The achievement gap. Will chartering turn out to be an effective strategy for addressing America’s vexing gaps between white and minority youth?

Reconstitutions. The No Child Left Behind act and several state laws say that one strategy for revitalizing low-performing district schools is to convert them into charter schools. Will this actually be tried, and how well will it work?

III. Lessons from the U.S. Experience

What have we learned from charter schools about mobilizing the private sector for public education? We see ten lessons, each with a rough parallel in the business world.
1. **Demand:** There is strong demand for educational alternatives in the U.S., and chartering is a valuable source of supply. In the commercial world, successful firms are demand-driven. They respond to customer preferences, producing more or different supply when needed. In education, there is rising demand for options, now amplified by the federal No Child Left Behind Act, which holds that children should have alternatives to failing schools. Much of that demand is found among low-income families whose children are ill-served by their present schools. Chartering can help meet that demand for better alternatives by boosting the supply of acceptable schools, much as happened, for example, in the 1950s when automobiles became affordable by working class families. When traditional school systems fail to respond, chartering enables the market to do so, as can be seen today in Aurora, Colorado where housing developers are proposing to create new specialized schools to attract education-minded homeowners—what the *Denver Post* terms “part of a national trend of businesses doing an end run around traditional school districts.”

2. **Start-ups:** Start-ups take great effort and substantial resources to succeed. Though a high failure rate among start-ups is taken for granted in business, that reality is difficult to accept for schools. Yet starting a school entails a thousand tasks, some of them time-consuming and complicated: forming a founding coalition, selecting or writing a curriculum, drafting a charter application (usually over a hundred pages), navigating the charter approval process (often lasting a year), locating a facility, interviewing, hiring, and training staff, promoting the school in the community,
purchasing supplies and equipment, preparing the lunch room, and much more. Much can go awry. Meanwhile, would-be charter starters have to manage all these activities while fighting political opponents, defending against critics in the local newspaper, and trying to raise supplemental funds to ensure a successful launch. It is no surprise that some people obtain charters but fail to open their school on time, fail to open it altogether, or open a school that is not truly ready to operate.

3. **Scale**: *Getting to scale is an important but still-elusive goal of the charter movement due to a host of limiting factors.* Just as companies seek growth to meet demand and strengthen the bottom line, so it is with charter schools attempting to “scale up.” Yet education is far from a true marketplace where potential suppliers can swiftly and flexibly respond to rising demand. Whether one is an entrepreneur seeking to launch a single charter school, or a successful “education management organization” striving to replicate its school model in dozens of places, one faces myriad constraints. These include statutory caps on charter schools (27 states), funding shortfalls, and lack of facilities. Moreover, getting to scale with any major education reform (especially one as controversial as chartering) requires the reallocation of sizable resources—fiercely resisted by powerful established interests—and may also require creation of new institutions such as specialized, non-district authorizers. Political opposition can be counted upon to oppose more charter schools, and parents—and the larger public—are nervous about school failures. For chartering to reach a much larger scale, it must leverage sustainable private capital, incubate entrepreneurship amidst bureaucracies,
and engage in replication, franchising, branding, and something akin to mergers and acquisitions. This is new territory for public education.

4. **Leadership:** Without strong leadership, individual charter schools—and the charter movement—will falter. In the corporate world, it is well known that dynamic and enlightened leadership makes an incalculable difference. For chartering to succeed, schools, too, need strong, principled leadership and competent, talented staffs, as well as political champions who create the space within which success is possible. According to the National Alliance for Public Charter Schools, “People make the difference…. Charter leadership requires the skill sets of an MBA, a real-estate developer, a world-class coach, and a master educator combined.” Finding many such individuals is daunting. At the policy level, too few advocates have the understanding and political courage to do chartering right—with true deregulation, experimentation, competition, funding, and accountability. In assessing Prime Minister Tony Blair’s efforts at chartering schools U.K.-style (called “specialist schools”), University of Washington professor Paul Hill concludes that “the most important lesson of Blair’s initiative is the importance of political leadership.” In the U.S., however, both because of the political price that charter supporters often pay at the ballot box, and term limits that mean even the most zealous champions are soon out of office, bold charter leaders are hard to come by—and harder to retain.

5. **Quality:** Providing choices for families is not enough when it comes to education; they must be good choices. In the business world, quality is a commandment (e.g.,
Malcolm Baldridge Quality Awards, the Total Quality Movement, inspired in part by tough Japanese competition, etc.). Companies that neglect quality seldom prosper. And so it should be with chartering, where quality must be honored on the front end (pre-clearance) as well as the back end. Unfortunately, that has not always happened. Faced with uneven implementation of accountability mechanisms and high-profile meltdowns of a few famously bad charter schools, the charter movement is now awakening to the need for more self-policing. Consider the August 2005 report of the quality task force of the National Alliance for Public Charter Schools, which contends that “Quality is more important than quantity” and “Growth is not an end in itself.”

Consider, too, the National Association of Charter School Authorizers’ excellent *Principles and Standards for Quality Charter School Authorizing*, the quality standards set by the California Charter Schools Association, and recent efforts to strengthen charter school accreditation. Yet academic quality and school effectiveness continue to be trumped in many places by interest group demands and political imperatives: by collective-bargaining gamesmanship, textbook hang-ups, rule-crazed bureaucracies, and risk-averse administrators. The charter movement is not immune to the maladies that beset U.S. K-12 education as a whole. John Chubb laments that “the rules that organize public education were not necessarily established to maximize the ability of schools to help students succeed.”

6. **Dual accountability**: *Market pressures within a framework of public oversight can be a powerful engine for reform.* Many industries face both market incentives and government regulation (for example, airlines, restaurants, pharmaceuticals, banking,
telecommunications, and health care). The reason, of course, is that those industries both serve consumers and advance public purposes (or incur public risks, such as plane crashes and the spread of disease). Education is also both a public and private good, meeting individual needs and enriching individual lives while also fulfilling the vital public purpose of an educated citizenry. Until chartering, however, explicit dual accountability mechanisms were foreign to public education. Chartering entails accountability both to the market (parents) and to government entities (authorizers, the state, federal government). This does not always work as intended—but it’s a hugely promising formula for tomorrow’s education system.

7. **Level playing field: Schools, too, depend on fair rules and equitable treatment.** The ground rules by which markets operate greatly impact the prospects of companies, which often face tough rivals, powerful monopolies, and sometimes dirty competitive practices. For industries to thrive and firms to have a fair shot at success, the rule of law must be definitive, with companies playing by the same rules, contracts enforced, taxes paid, disclosure transparent and uniform, and courts fair. When politicians play favorites, behave corruptly, or otherwise allow the competitive deck to be stacked in favor of some firms and against others, commerce is distorted and markets fail to operate as intended. Quality may suffer, demand be unmet, and consumers ill-served. In education too, the playing field matters—and today it is not fair for charter operators. The forces of the status quo are powerful, well-funded, relentless, and influential. They have used their political might to inhibit and discourage the charter movement with caps, lawsuits, funding gaps, re-regulation, and more, tilting the
playing field against these new schools and creating circumstances in which the charter concept itself may not get a full and fair test.

8. New technologies: The dynamic and enterprising nature of charter schools makes them more receptive to new and “disruptive” education technologies. In the corporate world, new technologies often reshape standard operating procedures and even entire industries. In education, charters seem more receptive than traditional schools to the opportunities presented by new technology. Charters have been “early adopters” of distance learning and virtual schooling, for example, while traditional school systems often react negatively to the competitive threat that these changes pose (i.e., the loss of students and revenues). For charter schools to maintain their relevance, they must continue to operate on the cutting edge.

9. Productivity: Chartering puts new emphasis on a school’s productivity, forcing discussions about results achieved per dollar spent instead of ever-more calls for “more money” as a panacea. To survive and prosper, businesses must continually improve their processes to become more efficient, all the while “meeting the expectations” of investors and Wall Street analysts. Charters also have to meet expectations—whether in the form of picky parents, the “adequate yearly progress” demands of the No Child Left Behind Act, or authorizers conducting public renewal hearings that will determine whether the school survives. Today, in most states, charters are expected to do all this despite substantial funding gaps vis-à-vis traditional district-operated schools. As public schools, charter schools have a worthy claim on
parity funding (equal to district schools), but that doesn’t spare them from the imperative of maximizing their productivity and driving exemplary academic achievement with the resources they have. Productivity analyses (and gains) have generally been foreign to K-12 schooling in America. Indeed, it can be said that public education has lost productivity over the decades. This creates a real opportunity for charters to change the debate from adequacy to effectiveness, from resources to results.

10. Vision: Much of the impact of chartering will be felt not only in communities directly affected by it but in the power of the ideas undergirding it to pervade the entire education system. Today it is often remarked that companies without a compelling vision are not “built to last.” Great new ideas can reshape industries and transform entire sectors of the economy. Vision and ideas are also drivers of the charter movement, whose impact may turn out to be disproportionate to its size, in part because of the power of the ideas behind it: that a public school need not be run by a government bureaucracy; that members of a community can come together to create and run their own local public school; that families should be able to choose their children’s school; that the money for public schooling belongs to the child (and should follow her into the schoolhouse door), not the system; that all schools can’t be all things to all children; and that schools that fail to provide an adequate education to children should have their licenses revoked.
Conclusion: The Future of Chartering

What does the future hold for U.S. charter schools—and for public schooling in the era of chartering? Large governmental bureaucracies may continue to define education standards and measure school results, but they will have less control over the delivery of K-12 education services, as has long been true of American tertiary education and countless other sectors of our mixed-market economy.

And why not? In a time when communist China, run by an old guard of command-and-control devotees in Beijing, is plunging into market-oriented economics and private-sector investment, initiative, and technology, the prospect of the American education behemoth mobilizing the private sector via “third way” solutions is not far-fetched.

At minimum, today’s new schools are a needed tonic for the old ones. It also seems likely, however, that with chartering we're beginning to witness a profound shift in basic assumptions about what a public school is and the ground rules by which it operates (or expires). The institutional and accountability innovations that chartering brings may be laying the foundation for a redesigned structure of public education as a whole. In that new architecture, successful schools are incubated and brought to scale, entrepreneurs introduce fresh ideas (and resources) into the sector, overseers of schools (perhaps altogether new entities) steer them in wise policy directions but leave others to row, authorizers hold schools strictly to account for their results (not their intentions, inputs or processes), parents carefully choose among many varieties of educational enterprises, and schools boost their performance via dynamic leadership, effective instruction and governance, organizational efficiency, and smart use of new technologies and delivery systems. The result—and what makes all the sturm und drang worth it—will be a better educated populace that meets the nation’s 21st
century needs and helps all its residents achieve the successful and rewarding lives that are their birthright.

2 Note also that a significant percentage of charter schools in some states are “conversion” charter schools, meaning that they are not new, start-up schools but rather former district public or private schools that changed their governance structure and “converted” to charter school status.
3 Source for the data from 1997 to 2003: Center for Education Reform (Hhttp://www.edreform.com/H). Source for the data from 1991 to 1996: (net) calculation from total schools reported each year.
9 Especially large philanthropic investments in charters have been made by prominent family foundations such as the Walton Family Foundation (related to Wal-Mart), the Bill and Melinda Gates Foundation (related to Microsoft), the Pisces Foundation (related to Gap Inc.), and the Thomas B. Fordham Foundation (which is run by Chester E. Finn, Jr.). Also noteworthy are groups like the NewSchools Venture Fund, a Silicon Valley venture philanthropy firm working to transform public education through entrepreneurship.
11 Note, however, that some of the most interesting chartering involves “virtual” schools that bypass this issue altogether by setting up shop online without bricks and mortar.
Many funding schemes also come with cash flow delays, where operating dollars come months into the school year—again not a problem for traditional schools supported by districts but a real problem for start-up charter schools with bills to pay.

Charter School Funding: Inequity’s Next Frontier, August 2005, V-VI.

See Renewing the Compact, August 2005.


See Lowell C. Rose and Alec M. Gallup, The 37th Annual Phi Delta Kappa/Gallup Poll of the Public’s Attitudes toward the Public Schools, September 2005, 46. Note the findings: 49% of respondents said they favored charter schools, versus 41% opposing and 10% saying they don’t know. Also, 80% said that charter schools “should be accountable to the state in the way regular public schools are accountable,” versus 14% saying they should not and 6% saying they don’t know. Only 28% said they would favor charter schools in their community “if funding for them meant reducing the amount of funds for the regular public schools,” versus 65% opposing that and 7% saying they don’t know; note that this may reflect a fundamental misunderstanding given that charter schools are public schools.


“What can business do that the public sector cannot? The answer is, Anything that requires scale to accomplish…. The political process often creates and protects bureaucracy; a competitive market discourages it. The market permits society to gain the benefits of scale without paying the costs of bureaucracy.” John Chubb, “The Private Can Be Public,” Education Next, September 2001.

Note that lots of philanthropies, such as the Gates, Pisces, and Walton foundations, are now investing in various efforts to accelerate replication of successful school designs, which is vastly harder than identifying successful schools.

Renewing the Compact, August 2005, 10-18.

This partly explains the lack of public awareness, since few prominent leaders are flying the charter banner.


Renewing the Compact, August 2005, 10.